

## **COVID-19 ECONOMIC EFFECTS: A COMPARISON OF THE ECONOMIC FACTORS BEFORE AND AFTER THE PANDEMIC**

Divit Punyani

Delhi Public School, Faridabad, 121007, India

DOI: 10.46609/IJSSER.2021.v06i08.014 URL: <https://doi.org/10.46609/IJSSER.2021.v06i08.014>

### **ABSTRACT**

Covid-19 has not only affected the lives and health of the people around the World, but has also caused a significant change in the economies and the financial markets. To reduce the spread of the deadly virus, measures were taken everywhere, which led to a huge jump in unemployment. The pandemic had an impact on almost every sector of employment such as trading, transportation, aviation et cetera. This caused a massive reduction in the world GDP. The COVID-19 global recession is the deepest since the World War-2. Even though the reports say that the World economy is likely to rise back to the pre-pandemic levels by the end of the year, 2021, the GDP levels of the developing countries, advanced and emerging markets is likely to remain below the previous levels. Most of this happened due to the loss of life and property, business closures, tourism decimation, and trade disruption.

**KEYWORDS:** COVID-19, Economic effects, GDP reduction, unemployment, Healthcare

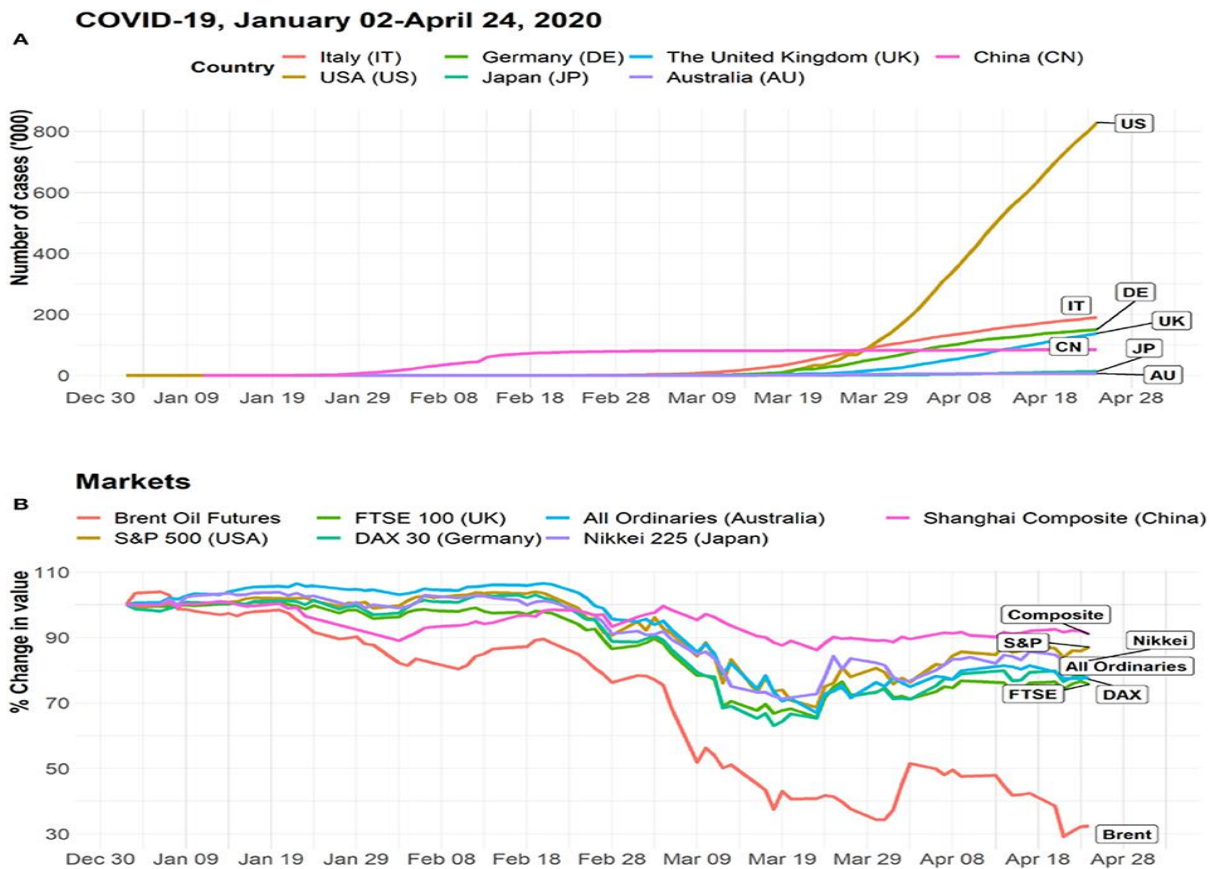
### **1. HEALTHCARE**

There has been a lot of information on the health and treatment costs of disease outbreaks, but the World has failed to take preventive measures for such an epidemic. Although the developed countries like most of the European countries have a strong health system, the developing countries as well as the countries with a low income are getting depleted of their resources and are getting dependent on funds from other countries as their last resort. Many government and private organisations internationally are cooperating for the research and development of a vaccine.

### **2. Economic Effects**

Even though the countries took various measures to prevent the spread of the coronavirus, they were too late and the virus had started spreading to other regions through international travel. The large countries in Europe like Italy, Germany, and the United Kingdom; and the United

States had already outnumbered the number of confirmed cases in comparison to China in a few months. This led to a complete lockdown in most of the countries which in turn led to the closure of many businesses and companies had started losing their stock market prices (Fig. A)



Fig(A)- Source:historical data for stock indices and Brent oil futures were extracted from Yahoo Finance (www.finance.yahoo.com)

### 3. Impact on GDP

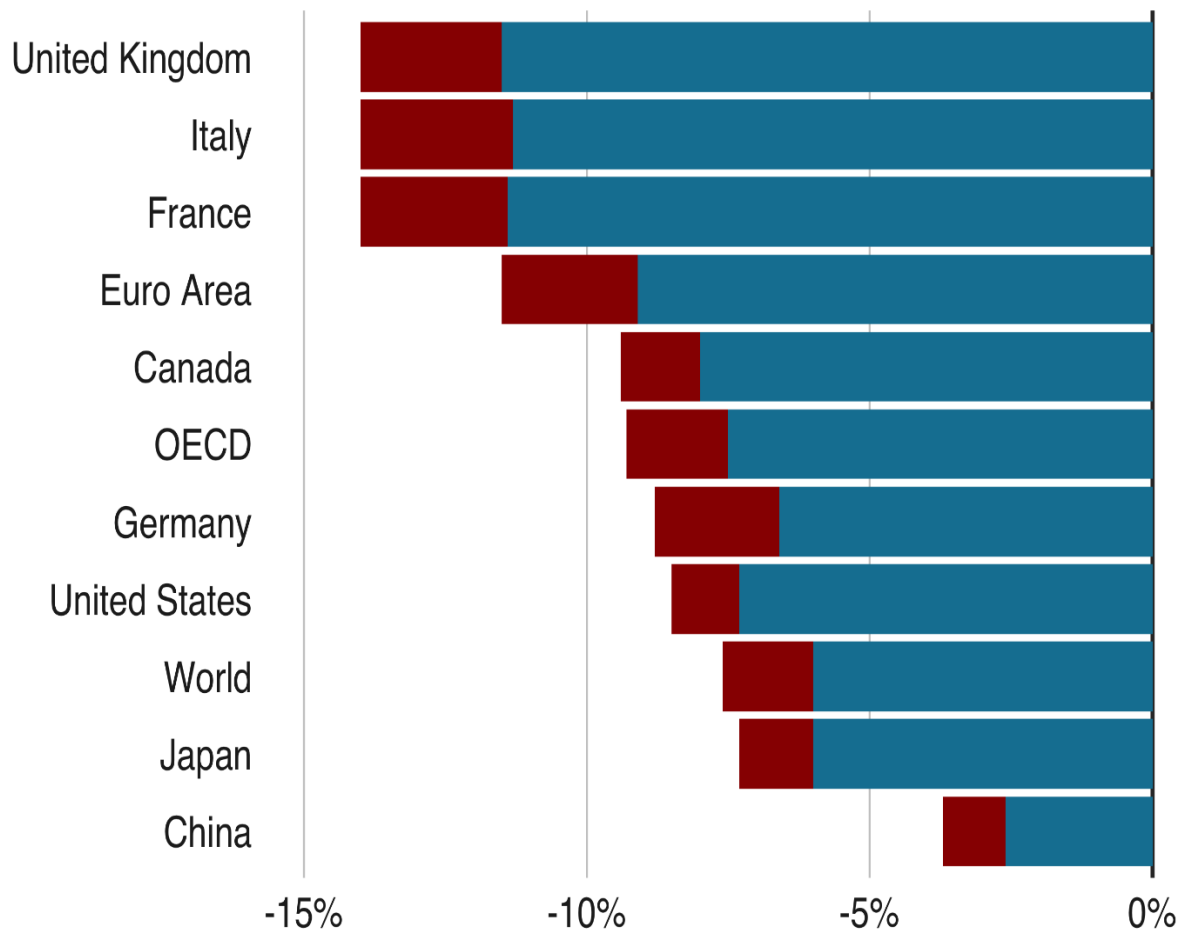
The COVID-19 pandemic caused a fall in the GDP of almost every country worldwide. The baseline pandemic scenario allows a 2% fall of GDP below the benchmark for the World, a 2.5% fall for the developing countries and a 1.8% fall for the industrial countries. The COVID-19 pandemic caused the decline in GDP to be more than 5% below the benchmark for the World.

Here are some of the most affected regions:

# Pandemic hits UK economy the hardest

2020 projected change in GDP by scenario

■ Single pandemic peak ■ Second pandemic peak



Source: OECD

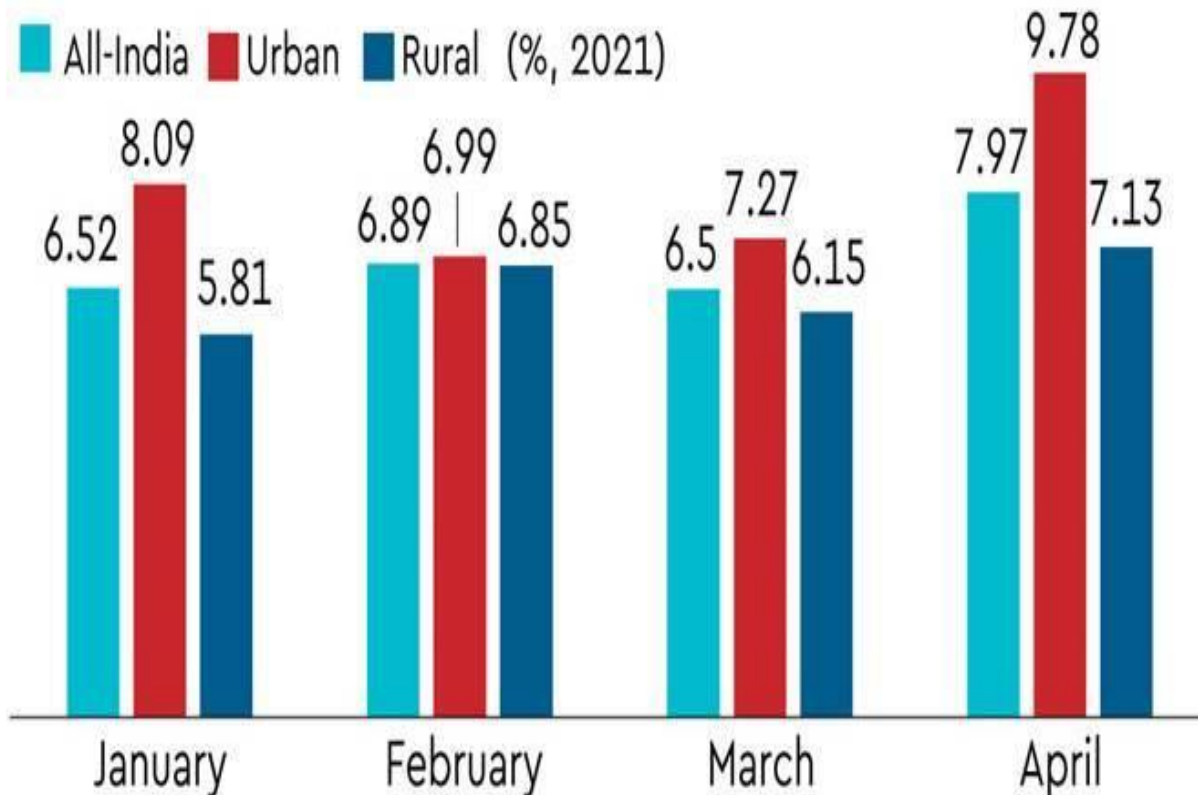


## 4. Unemployment

In April 2020, the unemployment rate reached 14.8% which is the highest rate ever recorded in the United States. In May 2021, the aggregate unemployment was 7.3 million jobs below the pre-pandemic levels. The unemployment rate in India was 7% before the pandemic, which rose to 27.11% in May 2021 (Source- Times Of India).The pandemic has slowed down the labour

participation rate to 39.9 per cent from an average of 42.7 per cent in 2019-20," noted the Reserve Bank of India in its monthly bulletin for May on the CMIE data.

## Monthly unemployment rate



Source: CMIE

### 5. Results and Discussion

The pandemic has surely caused a great impact on various economic factors of the regions all over the World. This is the greatest recession ever in the history of the World. It will surely take time for the countries to recover their benchmark levels of economies but it is possible.

### 6. Conclusion

Even though some sectors benefitted from the pandemic, it hit hard almost everyone, both economically and health-wise.

**References**

- The Times Of India
- Unemploymentinindia.cmie.com
- [www.financialexpress.com](http://www.financialexpress.com)
- [www.thehindubusinessline.com](http://www.thehindubusinessline.com)
- [www.worldbank.org](http://www.worldbank.org)
- Openknowledge.worldbank.org